

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

In re:	§	Case No. 24-10532
	§	
P3 PURE LLC,	§	Chapter 11, Subchapter V
	§	
Debtor.	§	

DECLARATION IN SUPPORT OF FIRST DAY MOTIONS

I, Amy Perez, declare:

1. I am the founder and Chief Executive Officer of P3 Pure LLC (“P3”), a Florida limited liability company.
2. I know of my own personal knowledge each of the facts set forth in this Declaration, except only those facts set forth on information and belief and, as to those facts, I am informed and believe them to be true. Where facts are stated upon information and belief, I know them to be true of my own personal knowledge or based upon my review of Debtor’s books, records, files and procedures. If called upon to testify in this action as to the matters set forth herein, I could and would testify competently thereto. I declare under penalty of perjury that the following is true and correct.

DEBTOR’S ORIGIN

3. P3, which stands for Primal Pit Paste & Pretty Frank, was born from my quest to find a natural and safe deodorant for my family to use that actually works.
4. When my daughter came home from school one day with a noticeable body odor, I was surprised because of her age. I thought she was in the minority with this issue, but I found out that other parents were noticing the same problem occurring with their children.

5. I made it my mission to find a product I felt was safe enough for my daughter to use. I did not want to put toxic chemicals on my young child, but I could not find a natural alternative that worked and was affordable.

6. Speaking with friends and family, I became concerned in realizing many people focus on what is not in our “natural” deodorants, but overlook what still is, petrochemicals, artificial fragrances, and more.

7. From my kitchen, I began to experiment for countless hours, many different formulas, pastes and mixes. That research became the deodorant known as: Pretty Frank.

8. Pretty Frank represented our mission to be the most transparent natural body care company on the market while providing the premium natural and organic ingredients our customer base came to love in their deodorants. I believe that through P3 (Primal Pit Paste & Pretty Frank), I have succeeded in making a healthy, organic deodorant that works for all types of moms, dads, kids and athletes, alike.

9. Debtor filed the instant case to reorganize its debts and obligations so that, going forward, Debtor may continue its quest to spread truly natural deodorant to as many people as possible, while preserving value for Debtor’s creditors.

DEBTOR’S HISTORY

10. Debtor is a Florida limited liability company with its principal place of business in Austin, Texas. I founded Debtor in 2012. Debtor produces a number of: natural deodorants, arm pit pastes, baby powders, face oils, lip balms, tooth paste powders, and breath fresheners.

11. Debtor gained a following after a blogger in the outdoor and camping space catapulted sales. Shortly thereafter, Debtor moved its operations from a residential kitchen to a

true manufacturing and shipping facility, in Florida. Debtor's continued growth and registering issues in Florida, due to regulations in the space, led to its move to Austin, Texas, in 2014.

12. Debtor has over 150,000 customers, can be found in over 1,500 stores, and on the shelves of organic grocer goliath, Whole Foods, super center icon, Walmart, and on the platform of the e-commerce giant, Amazon.

EVENTS LEADING TO BANKRUPTCY

13. Debtor first encountered financial hurdles in 2014, when it faced trademark infringement and unfair competition claims for its use of the "Primal" name. Thereafter, in 2020, Debtor's business fell victim to the global COVID-19 pandemic. Debtor suffered significant revenue losses, loss of staff, rent increases, supply chain disruptions, and inflationary pressures. Debtor attempted a number of cost-saving measures, including, but not limited to, moving manufacturing to an external facility and drastically reducing the number of people it employed. Now, Debtor only relies on a number of contractors to perform its day-to-day operations.

14. The financial pressures persisted, nonetheless, and Debtor required funding to continue to operate. Debtor had no other option but to enter into a high-interest loan with Montgomery Capital Partners III, LP ("MCA"). Thereafter, Debtor also secured a loan from the Small Business Administration ("SBA"), which is Debtor's second secured lender. Ultimately, Debtor used a portion of these funds to pay for the MCA Loan and to fund its operation.

15. Debtor does not own any real estate. Debtor's assets generally consist of: equipment, supplies, and intellectual property. Debtor has approximately \$30,000 in its general operating account. Debtor's largest financial obligations relate to the MCA Loan and general business expenses. In relevant part, Debtor's immediate expenses consist of less than \$15,000. Debtor's current tax liability is less than \$1,000. As set forth in Debtor's budget, Debtor is

profitable. Debtor believes it can successfully reorganize under subchapter v. To aid its efforts, third parties have expressed significant interest in participating in Debtor's restructuring.

FIRST DAY MOTIONS¹

16. To further Debtor's restructuring efforts, Debtor has filed, contemporaneous with this Declaration, Debtor's Emergency Motion to Use Cash Collateral ("First Day Motion"). Debtor respectfully requests that the Court consider entering the proposed order granting on an emergency basis Debtor's First Day Motion.

17. I have reviewed the First Day Motion and the proposed order (including the exhibits) and have determined that the facts set forth therein are true and correct to the best of my knowledge, information and belief. In addition, I believe that the relief sought in the First Day Motion is vital to enable Debtor to make the transition to, and operate in, subchapter v with minimal interruption or disruption to its business, loss of productivity, value, and constitutes a critical element for Debtor's operations, which is necessary to maximize value during the bankruptcy for the benefit of all stakeholders.

CASH COLLATERAL

18. Debtor is filing an Emergency Motion for (1) Authority to Use Cash Collateral on an Interim Basis; (2) Granting Adequate Protection; (3) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b); and (4) Granting Related Relief (the "Cash Collateral Motion"). I have read the Cash Collateral Motion and am informed and believe it is true and correct in every material respect. In the Cash Collateral Motion, the Debtor requests authority to use Cash Collateral through 5/18/2023 on the terms set forth in the Cash Collateral Motion.

a. Debtor's Secured Creditors

¹ Debtor is working towards having additional "First Day Motions" on file over the next few days.

19. On or about November 3, 2020, in an effort to stabilize its business, Debtor obtained a high interest loan from Montgomery Capital Partners III, LP (“MCA”). A true and correct copy of the Loan Authorization Agreement (the “Loan Agreement”) is attached hereto as Exhibit 2.

20. Under the terms of the Loan Agreement, Debtor received a loan in the aggregate principal Loan Amount of \$900,000 at an interest rate of 16% per annum. Thereafter, on or about February 5th, 2021, the Loan was increased by \$475, 000.00 to \$1,375,000.00. The MCA Loan is secured by a blanket pledge of all of Debtor’s assets.

21. Thereafter, Debtor obtained a EIDL loan from the SBA (the “SBA Loan”). The SBA Loan became effective on April 13, 2022. Under the terms of the Loan Agreement, Debtor received a loan in the aggregate principal amount of \$2,000,000, at an interest rate of 3.75% *per annum*. Debtor’s monthly obligation of commenced 24-months from the date of the original note. The balance of principal become payable 30-years from the date of the original note. The SBA Loan is secured by a blanket pledge of all of Debtor’s assets.

22. Debtor requires cash collateral because it will preserve the value of Debtor’s estate, to the benefit of all creditors, particularly because it is necessary that Debtor demonstrate to its vendors and customers that Debtor can continue to function without interruption in the ordinary course of business. Absent such a showing—and in the event of any interruption or delay in the business—Debtor will lose valuable sales, and vendors will likely stop working, which would cripple the Debtor’s business.

23. The MCA perfected lien on the cash collateral, will be adequately protected with a replacement lien against Debtor’s personal property assets and the proceeds thereof, to the same extent, priority and validity as the lien held as of the Petition Date, and subject to the same defenses and avoidance actions as those applicable to their respective liens as of the Petition Date.

24. Attached hereto as Exhibit 1, and incorporated herein by this reference, is a true and correct copy of an interim budget (the “Budget”) for the period from the Petition Date through 6/15/2023. I am informed and believe that the Budget is based upon reasonable assumptions and conditions.

25. I declare under penalty of perjury of the laws of the United States of America that the foregoing is true to the best of my knowledge, information and belief.

/s _____
Amy Perez

Pretty Frank - Cash Flow Forecast

	Forecast	Forecast	Forecast	Forecast	Forecast
	5/14-5/18	5/19-5/25	5/26-6/1	6/2-6/8	6/9-6/15
Beginning Cash Balance	\$30,520.00	\$26,001.76	\$54,311.76	\$45,523.47	\$34,702.28

CASH RECEIPTS

<u>Ecommerce</u>	\$10,200.00	\$10,200.00	\$10,200.00	\$10,200.00	\$10,200.00
Shopify	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00
PayPal	\$2,200.00	\$2,200.00	\$2,200.00	\$2,200.00	\$2,200.00
Walmart					
Amazon					
<u>Distributor / Retail / Wholesale</u>	\$250.00	\$30,250.00	\$250.00	\$250.00	\$250.00
Authorize.net					
Lotus Light		\$30,000.00			
Faire					
ERC Credit					
Order Dog					
Wholesale General	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
<u>Loan Proceeds</u>					
Kanwal Loan					
Amy Loan					
Amazon Loan					
SBA Loan					
MCA Loan					
TOTAL CASH RECEIPTS	\$10,450.00	\$40,450.00	\$10,450.00	\$10,450.00	\$10,450.00

CASH DISBURSEMENTS

<u>Owner Compensation & Insurance</u>					
Amy Perez			\$7,564.94		
United Health Care		\$1,900.00			\$1,900.00
Sun Life Financial		\$200.00			\$200.00

Credit Card | Loans

Montgomery Capital Partners III LP
Montgomery Capital Advisers
Independent Bank Card
Regions Bank
Amazon Loan
American Express - Amy's

Consulting Services

Akerman LLP					
Nicolas Gutierrez		\$1,250.00		\$1,250.00	
Danica Matulis- Marketing Stack LLC	\$1,000.00		\$1,000.00		\$1,000.00
Gina Simmons	\$1,570.25		\$1,570.25		\$1,570.25
William Sizemore		\$1,250.00		\$1,250.00	
Kate Newton			\$750.00		
Sub-V Trustee					\$1,000.00

eCommerce & Mkt

Google					
EPA Marketing LLC	\$5,311.00			\$5,000.00	

Supplier

AOA Products, LLC	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
Balpack, Inc.					
Bayville Chemical					
Belmark, Inc.			\$500.00	\$500.00	\$500.00
Brenntag Southwest, Inc.					
Carillon Green					
Ciranda Inc.					
Container & Packaging Supply		\$25.00	\$25.00	\$25.00	\$25.00
Custom Paper Tubes					
Distribupack		\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00
Eden Botanicals			\$110.00	\$110.00	\$110.00
Garrison Minerals, LLC				\$400.00	\$400.00
Integrity Ingredients Corporation					
Intrapac Canada Corporation					
Jedwards International				\$650.00	\$650.00
Jes Industrial					
Jes Industrial Hk Co. Ltd.					
Nutralliance, Inc					
O Berk Company, LLC					
Omya Specialty Materials Inc					
Pack-Mark Inc.					
Spectrum Chemical Mfg. Corp					
Starwest Botanicals		\$185.00		\$185.00	
The Lebermuth Company					
Toprint Printing (Shenzhen) Co.Ltd.					
Univar Solutions				\$265.00	\$265.00

Recurring Subscriptions

Helium					\$89.10
Intuit				\$298.48	
Gorgias				\$95.76	
TaxJar				\$782.13	
Authorize.net				\$24.70	
Bill.com					\$144.43
Shopify				\$2,758.71	
Box Inc				\$140.72	
Microsoft				\$183.52	
Appraver	\$172.05				
Klaviyo	\$1,164.94				
Fishbowl			\$299.00		
GoDaddy				\$22.17	

Misc

Travis County Tax Office

Sales Tax Payments	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00
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TOTAL EXPENSES	\$14,968.24	\$12,140.00	\$19,238.29	\$21,271.19	\$15,094.68
ENDING CASH BALANCE	\$26,001.76	\$54,311.76	\$45,523.47	\$34,702.28	\$30,057.60